

SENATE BILL REPORT

SB 5930

As Reported by Senate Committee On:
Ways & Means, March 2, 2009

Title: An act relating to public employees' health care costs.

Brief Description: Regarding public employees' health care costs.

Sponsors: Senators Prentice and Tom.

Brief History:

Committee Activity: Ways & Means: 3/02/09 [DPS, DNP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5930 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Fairley, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Pridemore, Regala and Rockefeller.

Minority Report: Do not pass.

Signed by Senators Zarelli, Ranking Minority Member; Carrell, Hewitt, Parlette and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator Brandland.

Staff: Erik Sund (786-7454)

Background: The state Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), provides medical benefits for about 300,000 employees, retirees and dependents of the state, and participating school districts, local governments, and tribal governments. The PEBB coverage is also available to retired employees of the state, school districts, and those local governments that purchase active employee benefits through the HCA. The Legislature provides a subsidy for Medicare-eligible retirees that enroll in PEBB plans.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The PEBB has nine members appointed by the Governor representing state agencies, state employees, school employees, state retirees, and school retirees. The PEBB sets eligibility requirements, approves premium contributions for eligible employees (these may vary for employees of K-12 school districts and certain employer groups), and approves benefits of all participating health insurance plans.

Funding for state employee benefits is provided through an employer-funding rate and employee premium contributions. The state-funding rate is a monthly rate determined for each fiscal year of the biennium which runs from July 1 through June 30. The state-funding rate is included in each state agency's funding for each employee working half-time or more. The state agency must provide the HCA that same flat amount for each employee working half-time or more. The employer-funding rate for Fiscal Year 2009 is \$561 per employee per month. In addition, the HCA charges state employees a premium that is based in part on family size and on the employees' choice of health plan. The PEBB benefit plans are operated on calendar year basis, so employee premiums are adopted for each calendar year. For the 2009 calendar year, individual employee premiums for participation in the health, dental, vision, and other basic benefits included in PEBB plans range from \$25 per month to \$112 per month. Full family premiums for the PEBB package of benefits for 2008 range from \$79 per month to \$318 per month. These rates are based on a cost-sharing policy in which employees pay on average 12 percent of the cost of medical benefits, which is compliant with labor contracts for state workers for the 2007-09 fiscal biennium. Employees that are represented by labor unions and those that are not represented pay the same monthly premiums.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): The PEBB may adopt employee premiums for nonrepresented employees that are different than the premiums for employees that are represented by labor unions. After January 1, 2010, employee premiums adopted by the PEBB must average 15 percent of the cost of medical benefits unless otherwise directed by law or contract.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 1, 2009.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: OTHER: The Health Care Authority may not be able to successfully implement a complicated system of premium rates based on salaries or other differentiating criteria due to the agency's antiquated computer systems.

Persons Testifying: OTHER: Dennis Martin, Health Care Authority.